

Message Text

LIMITED OFFICIAL USE

PAGE 01 PEKING 02100 151043Z

44

ACTION EA-09

INFO OCT-01 ISO-00 NSCE-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 STR-04 COME-00 OMB-01 TRSE-00 /068 W

----- 072200

R 150845Z OCT 76

FM USLO PEKING

TO SECSTATE WASHDC 6584

INFO AMCONSUL HONG KONG

AMEMBASSY TOKYO

LIMITED OFFICIAL USE PEKING 2100

E.O.11652: GDS

TAGS: ETRD CH US

SUBJECT: VISIT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE

REF: PEKING 2070

1. SUMMARY. THE FOUR-DAY VISIT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE TO PEKING PROCEEDED SMOOTHLY AND CORDIALLY, WITH APPROPRIATE PARTICIPATION BY CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE CHAIRMAN WANG YAO-TING AND OTHER PRC GOVERNMENT AND TRADE OFFICIALS. LITTLE OF SUBSTANCE WAS ACCOMPLISHED IN THE GROUP'S BUSINESS DISCUSSIONS, ALTHOUGH THE NCUSCT LEGAL REP REPORTS SOME PROGRESS IN SETTING UP A CONCILIATION MECHANISM FOR SETTLEMENT OF COMMERCIAL DISPUTES BETWEEN US FIRMS AND PRC STATE TRADING CORPORATIONS. NCUSCT REPS EXPRESSED PESSIMISM ABOUT THE FUTURE OF THEIR ORGANIZATION, WHOSE FINANCIAL PROBLEMS ARE WORSENING. THE COUNCIL DELEGATION LEFT PEKING OCTOBER 13 FOR A WEEK TOURING THE NORTHEAST AND THE YANGTSE VALLEY. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PEKING 02100 151043Z

2. THE DELEGATION FROM THE NATIONAL COUNCIL FOR

US-CHINA TRADE LEFT PEKING OCTOBER 13 AFTER A FOUR-DAY STAY THAT WAS HEAVIER ON SOCIAL EXCHANGES AND SIGHTSEEING THAN ON BUSINESS DISCUSSIONS. MET AND SEEN OFF AT THE AIRPORT BY CCPIT VICE-CHAIRMAN HSIAO FANG-CHOU (LI CHUAN WAS STILL IN THE PHILIPPINES). THE GROUP ATTENDED A DINNER HOSTED BY CCPIT CHAIRMAN WANG YAO-TING AND GAVE ONE HOUR HIM IN RETURN. BOTH DINNERS AND THE RECEPTION GIVEN FOR THE NCUSCT DELEGATION BY USLO ACTING CHIEF WERE ALSO ATTENDED BY MFA AMERICAN AND OCEANIAN AFFAIRS DEPARTMENT DEPUTY DIRECTOR NANCY TANG AND HIGH LEVEL REPRESENTATIVES OF THE TRADE CORPORATIONS.

3. BUSINESS DISCUSSIONS, IN CONTRAST, WERE LIMITED TO TWO SESSIONS WITH THE DELEGATION AS A WHOLE AND SEPARATE LEGAL MEETINGS BETWEEN NSUSCT LEGAL COUNSEL SURREY AND CCPIT DEPUTY DIRECTOR FOR LEGAL AFFAIRS LIU SHAO-SHAN. THOUGH CORDIAL, LITTLE OF SUBSTANCE WAS ACCOMPLISHED IN THE GENERAL DISCUSSIONS. ON ONE SPECIFIC POINT PRESSED BY NCUSCT, THE STATIONING OF A REPRESENTATIVE PERMANENTLY IN PEKING, THE CCPIT WAS DEFINITELY NEGATIVE, SAYING THAT THIS WOULD CREATE A PRECEDENT WHICH WOULD BE SEIZED ON IMMEDIATELY BY OTHER COUNTRIES.

4. IN DISCUSSION OF THE ROC-US ECONOMIC COUNCIL, THE CCPIT ADOPTED A SURPRISINGLY RESTRAINED LINE, SAYING THAT THE PRC COULD UNDERSTAND AND ACCEPT US FIRMS DOING BUSINESS IN TAIWAN BUT THAT PARTICIPATION BY THESE FIRMS IN THE US/ROC ECONOMIC COUNCIL WAS "EMOTIONALLY" PAINFUL TO THE CHINESE PEOPLE.

5. SURREY LEFT PEKING WITHOUT RECEIVING A FINAL ANSWER TO THE NCUSCT REQUEST FOR REGISTRATION IN THE PRC OF US TRADEMARKS. IN VENTURING A "PRIVATE OPINION" LIU SAID THAT WHILE THE APPROACH SUGGESTED IN THE PAPER GIVEN THE CCPIT OCTOBER 9 (REFTEL) MIGHT PROVIDE A BASIS FOR SUCH REGISTRATION IN THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 PEKING 02100 151043Z

FUTURE, THE TIME WAS NOT YET RIPE. SURREY DECIDED NOT TO PRESS FOR A DECISION.

6. SURREY REPORTED SOME PROGRESS IN HIS EFFORTS TO FOLLOW UP A PRELIMINARY AGREEMENT BETWEEN THE AMERICAN ARBITRATION ASSOCIATION AND THE FOREIGN TRADE ARBITRATION COMMISSION (ACTUALLY NEGOTIATED WITH THE CCPIT LEGAL AFFAIRS DEPARTMENT) WHICH

PROVIDED FOR THE ESTABLISHMENT OF A CONCILIATION MECHANISM FOR THE SETTLING OF COMMERCIAL DISPUTES BETWEEN US COMPANIES AND THE PRC STATE TRADING CORPORATIONS. ACCORDING THE THE CHINESE PROPOSAL, NO SPECIAL BODY WOULD BE FORMED TO UNDERTAKE THIS WORK, NOR WOULD A WRITTEN AGREEMENT EMBODY THE ARRANGEMENT. INSTEAD THE AAA WOULD APPOINT A REPRESENTATIVE, WHO WOULD NEGOTIATE WITH REPRESENTATIVES OF THE FTAC. THE EXISTENCE OF THIS MECHANISM COULD BE PUBLICIZED INFORMALLY BY THE NCUSCT AND THE CCPIT. THE EXPERIENCE GAINED IN THE INITIAL DEALINGS UNDER THIS PROCESS COULD BE USED IN DECIDING WHETHER TO SET UP A CONCILIATION MECHANISM ON A MORE FORMAL BASIS. SURREY AND LIU AGREED TO ATTEMPT TO SELECT TWO CLAIMS, ONE US AND ONE PRC, FOR INITIAL CONCILIATION CASES. SURREY WILL RECOMMEND TO AMERICAN ALUMINUM SELLERS (HE DID NOT HAVE THE FIRM'S NAME), AGAINST WHOM THE MINMETALS CORPORATION HAS A CLAIM OF SOME US \$14 MILLION, THAT THEY SUBMIT THE CASE FOR CONCILIATION. LIU SAID THAT CCPIT WOULD RECOMMEND TO THE TEXTILE CORPORATION THAT THEY AGREE TO CONCILIATION IN THE PLAINS COTTON CASE.

7. IN DISCUSSIONS WITH USLO OFFICERS, NCUSCT VICE-PRESIDENT SEARLS WAS PESSIMISTIC ABOUT THE FUTURE OF THE NATIONAL COUNCIL AND, IN PARTICULAR, ABOUT ITS FINANCIAL SOUNDNESS. ACCORDING TO SEARLS, THE FALL IN US EXPORTS TO CHINA WAS KILLING US BUSINESS INTEREST IN THE CHINA MARKET, AND THUS IN THE NCUSCT. THE EFFECTS OF TRADE FALLOFF WERE DOUBLY PAINFUL WHEN TAKEN IN CONJUNCTION WITH THE NEGATIVE NCUSCT MEMBERSHIP LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 PEKING 02100 151043Z

REACTION TO THE INCREASE IN FEES. IN THE SECOND DISCUSSION WITH THE CCPIT, THE ACTING HEAD OF THE NCUSCT DELEGATION HANLEY ALSO ALLUDED TO THESE PROBLEMS, BUT RECEIVED NO CHINESE REACTION.

8. THE NCUSCT DELEGATION WILL SPEND OCTOBER 13 IN HARBIN AND OCTOBER 14 AND 15 IN TACH'ING. ON OCTOBER 16 THE GROUP WILL FLY TO NANKING, VIA PEKING. ON OCTOBER 17 THE DELEGATION WILL TRAVEL TO SOOCHOW AND ON OCTOBER 18 TO SHANGHAI. SOME MEMBERS OF THE GROUP WILL RETURN TO THE US FROM SHANGHAI. OTHERS, INCLUDING PHILLIPS, WILL PROCEED TO CANTON ON OCTOBER 21. SEARLS WILL TRAVEL DIRECTLY TO CANTON FROM HARBIN OCTOBER 16.
DEAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DISPUTE SETTLEMENT, TRADE VISITS, FOREIGN TRADE
Control Number: n/a
Copy: SINGLE
Draft Date: 15 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PEKING02100
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760387-1275
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761047/aaaabors.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 PEKING 2070
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by buchant0>; APPROVED <15 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VISIT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE
TAGS: ETRD, CH, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006